

# TERRENI

LAW FIRM, LLC

Charles L.A. Terreni  
Attorney at Law

February 21, 2014

1508 Lady Street  
Columbia, South Carolina 29201  
Telephone (803) 771-7228  
Fax (803) 771-8778  
charles.terreni@terrenilaw.com  
www.terrenilaw.com

The Honorable Jocelyn G. Boyd, Esquire  
Chief Clerk and Administrator  
South Carolina Public Service Commission  
101 Executive Center Drive  
Columbia, SC 29210

RE: Docket No. 2013-275-WS Application of Carolina Water Service for Adjustment of Rates and Charges.

Dear Ms. Boyd:

Carolina Water Service ("CWS") has received a late-filed exhibit by Mr. Perry Johnston, which has been marked by the Court Reporter as "Late Filed Exhibit 6". For ease of reference, CWS has attached a copy of the exhibit with numbered pages to 001-0192. The exhibit appears to contain six distinct documents, which are identified below:

1. Letter from Larry W. Mitchell, Hartman and Associates – Southeast to York County, dated November 24, 1998. (pp. 003-005).
2. Letter from Andrew Dopson, Utilities, Inc. to Gerald Hartman, dated October 6, 1998. (p. 006).
3. Slide presentation entitled "Carolina Water Service Preliminary Acquisition Study, Including River Hills, dated December 1, 1999. (p. 007-032).
4. Letter from Gerald C. Hartman, Hartman and Associates – Southeast to Al Greene, Asst. Cty. Manager, York County, dated June 1, 1998, with attached Comparable Sales Report prepared by Hartman and Associates, Southeast, (pp. 033-050)
5. Memorandum entitled "Considerations and Background Information - Lake Wylie Area Water and Sewer Service" December 14, 2005. (pp. 051-058)
6. "Estimate of Value of the Carolina Water Service, Inc. Water and Wastewater System in York County, South Carolina", dated August 23, 2007 (pp. 058-092).

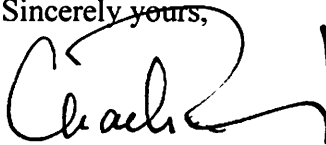
CWS submits that none of the above referenced documents will be useful to the Commission as it deliberates in the pending rate case. The oldest document, the 1998 appraisal

by Hartman and Associates, is over 15 years old; the most recent document, the anonymously authored estimate of CWS systems in York County, is over six years old. Whatever information is contained in these documents is too remote to be useful or probative in the current case. Many of the documents are inherently unreliable. The author(s) of at least three of the documents (no. 3, 5, and 6 above) are not even identified. The 2007 estimate (no. 6) also relies on erroneous assumptions such as the following: "Due to a lack of rate base, the ORS constrains CWS profit to a rate of return on operating expenditures". (p.083). This statement is simply wrong. In its decision in the most recent rate case at the time of the report, the Commission agreed with the ORS that CWS had a company-wide rate base of approximately \$15 million. Order 2005-328. This finding was reaffirmed by the Commission in a directive of February 7, 2007. *See* Docket 2004-357-WS. As the Commission is aware, CWS has always had its rates set on the basis of return on rate base.

If the Commission should have any questions or concerns regarding the documents submitted by Mr. Johnston, CWS would welcome the opportunity to address them.

With best wishes, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles L.A. Terreni", with a stylized flourish at the end.

Charles L.A. Terreni

Enclosures (as stated)

c: Jeffrey M. Nelson, Esquire  
Florence P. Belser, Esquire  
Laura P. Valtorta, Esquire  
Scott Elliott, Esquire  
Mr. Richard J. Durham